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# Brazil

# Sugar

# Annual

# 2009

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**Report Highlights:**
Sugarcane for crushing for MY 2009/10 is projected at 605 million metric tons (mmt), up 7 percent from the previous year, due to continuing area expansion. Sugar production is forecast to increase to 36.85 mmt, raw value. Sugar exports are forecast at 24.36 mmt, up 4.05 mmt from the previous year, due to expected lower supply from other producing countries such as India. Ethanol production for MY 2009/10 is forecast at 28.45 billion liters, while ethanol exports are expected to drop to 3.7 billion liters.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Sao Paulo ATO [BR3]
[BR]

## PS&D Tables

| Sugar Cane for Centrifugal Brazil | 2008 | | | 2009 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | Market Year Begin: May 2007 | | | Market Year Begin: May 2008 | | | Market Year Begin: May 2009 | | |
| | Annual Data Displayed | | New Post | Annual Data Displayed | | New Post | Annual Data Displayed | | Jan |
| | | | Data | | | Data | | | Data |
| Area Planted | 7,190 | 7,190 | 7,190 | 8,050 | 8,050 | 8,050 | | | 8,700 |
| Area Harvested | 6,500 | 6,500 | 6,500 | 7,400 | 7,400 | 7,400 | | | 8,050 |
| Production | 491,100 | 491,100 | 491,100 | 555,000 | 555,000 | 566,000 | | | 605,000 |
| Total Supply | 491,100 | 491,100 | 491,100 | 555,000 | 555,000 | 566,000 | | | 605,000 |
| Utilization for Sugar | 223,450 | 223,450 | 223,450 | 225,000 | 225,000 | 228,500 | | | 257,000 |
| Utilizatn for Alcohol | 267,650 | 267,650 | 267,650 | 330,000 | 330,000 | 337,500 | | | 348,000 |
| Total Utilization | 491,100 | 491,100 | 491,100 | 555,000 | 555,000 | 566,000 | | | 605,000 |

| Sugar, Centrifugal Brazil | 2008 | | | 2009 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | Market Year Begin: May 2007 | | | Market Year Begin: May 2008 | | | Market Year Begin: May 2009 | | |
| | Annual Data Displayed | | New Post | Annual Data Displayed | | New Post | Annual Data Displayed | | Jan |
| | | | Data | | | Data | | | Data |
| Beginning Stocks | -485 | -485 | -485 | 465 | 465 | 465 | | | 665 |
| Beet Sugar Production | 0 | 0 | | 0 | 0 | 0 | | | 0 |
| Cane Sugar Production | 32,100 | 32,100 | 32,100 | 32,450 | 32,450 | 32,350 | | | 36,850 |
| Total Sugar Production | 32,100 | 32,100 | 32,100 | 32,450 | 32,450 | 32,350 | | | 36,850 |
| Raw Imports | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Refined Imp.(Raw Val) | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Total Imports | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Total Supply | 31,615 | 31,615 | 31,615 | 32,915 | 32,915 | 32,815 | | | 37,515 |
| Raw Exports | 14,830 | 14,830 | 14,830 | 14,175 | 14,175 | 14,175 | | | 18,225 |
| Refined Exp.(Raw Val) | 4,920 | 4,920 | 4,920 | 6,075 | 6,075 | 6,075 | | | 6,075 |
| Total Exports | 19,750 | 19,750 | 19,750 | 20,250 | 20,250 | 20,250 | | | 24,300 |
| Human Dom. Consumption | 11,400 | 11,400 | 11,400 | 11,900 | 11,900 | 11,900 | | | 12,250 |
| Other Disappearance | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Total Use | 11,400 | 11,400 | 11,400 | 11,900 | 11,900 | 11,900 | | | 12,250 |
| Ending Stocks | 465 | 465 | 465 | 765 | 765 | 665 | | | 965 |
| Total Distribution | 31,615 | 31,615 | 31,615 | 32,915 | 32,915 | 32,815 | | | 37,515 |

**Production**

Dropping sugar and ethanol prices during 2007 and 2008 and the global financial crisis in September 2008 became a major obstacle to new investments in 2009 and 2010, although investments in the sugar-ethanol sector had been growing steadily during the last few years. (Financing from the National Bank for Economic and Social Development - BNDES, the major federal bank funding new projects, increased from R$ 3.56 billion in 2007 to R$ 6.5 billion in 2008.) Credit has become scarce, to fund both sugar export operations and investments in new mills. The industry estimates that total credit to finance investments should drop from R$ 12 billion in 2008 to R$ 7 billion or less in 2009. Approximately 40 percent of the mills that were supposed to start running in 2009 (35 mills) have already postponed operations until 2010.

**Sugarcane Production, Area and Yield**

The Agricultural Trade Office (ATO)/Sao Paulo forecasts total marketing year (MY) 2009/10 (May-April) sugarcane for crushing at 605 million metric tons (mmt), up 7 percent relative to MY 2008/09 (566 mmt), as a consequence of area expansion in the Center-South region (CS). Approximately 20-23 new mills are expected to start operations this season in addition to extra area added at existing mills.

The CS region is expected to harvest 540 mmt of sugarcane, up 8 percent compared to the previous crop, although the potential for harvesting can reach 550-560 mmt, depending on the efficiency of sugar-ethanol mills and weather conditions. Note that in the past season industrial capacity and weather related issues have limited the crushing of sugarcane for sugar and ethanol production. Indeed, approximately 30 mmt of sugarcane have been left in the fields. The harvest started in mid-March in Parana and in April in Sao Paulo and other CS states. North-Northeastern (NNE) production for MY 2009/10 is forecast at 65 mmt, similar to the 2008/09 crop.

Total sugarcane area for MY 2009/10 is projected at 8.7 million hectares (ha), an 8 percent increase vis-à-vis MY 2008/09 (8.05 million ha). Total area harvested for MY 2009/10 is forecast at 8.05 million ha, up 650,000 ha from MY 2008/09 (7.4 million ha). The table below shows area for sugarcane production, according to the Brazilian Institute of Geography and Statistics (IBGE) and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture.

| Area Planted to Sugarcane (1,000 ha). | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Brazil 1/ | 4,975.2 | 4,879.8 | 5,022.2 | 5,206.7 | 5,377.2 | 6,252.0 | 6,491.2 | 7,086.7 | 7,817.0 | 8,218.9 |
| Sao Paulo | 2,500.0 | 2,822.1 | 3,008.7 | 3,117.6 | 3,312.8 | 3,415.9 | 3,637.4 | 4,258.4 | 4,800.1 | 5,389.3 |
| Sources: IBGE, IEA 1/ 2008 Area refers to harvested area. | | | | | | | | | | |

The agricultural yield for MY 2009/10 is forecast at 77.64 metric tons per ha (mt/ha), down 4 percent from previous MY (80.54 mt /ha), due to lower use of inputs, below average crop management and lower renewal rate of sugarcane fields as a consequence of low sugar and ethanol prices during 2007 and 2008. The industrial yield is forecast at 141.36 kg TRS (total reducing sugars)/mt, similar to last season (140.98 kg TRS/mt). According to UNICA, the average industrial yield for the 2008/09 crop in the CS is 140.9 kg TRS/mt, down 3.5 kg TRS/mt relative to MY 2007/08. The following table shows historical yields measured in TRS per metric ton of sugarcane

| Sugarcane Industrial Yields | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | MY 00/01 | MY 01/02 | MY 02/03 | MY 03/04 | MY 04/05 | MY 05/06 | MY 06/07 | MY 07/08 | MY 08/09 | MY 09/10 |
| TRS/ton | 142.08 | 142.66 | 146.44 | 146.40 | 143.46 | 142.47 | 145.81 | 143.64 | 140.98 | 141.36 |
| Source: Datagro, UNICA, ATO/Sao Paulo for MY 2003/04, 2004/05, 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 (forecast) | | | | | | | | | | |

Total Brazilian sugarcane production for MY 2008/09 (May-April) has been adjusted to 566 mmt, up 2 percent from previous estimate due to recent updated information from post contacts. The Center-South (CS) harvest extended through January-February 2009 (for a small percentage of the mills) contributing 501 mmt of crushed sugarcane. The North-Northeastern (NNE) region's harvest, which is virtually over, should contribute 65 mmt.

The following tables show monthly sugarcane crush data for the state of São Paulo and the CS region from the 2004/05 to 2008/09 crops (April-March), as reported by the Sugar and Alcohol Millers Association of São Paulo State (UNICA).

| Sugarcane crushed in the state of Sao Paulo (1,000 metric tons). | | | | | |
|---|---|---|---|---|---|
| Month | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 |
| April | 4,649.8 | 11,100.4 | 13,761.0 | 11,725.0 | 13,420.4 |
| May | 20,491.1 | 30,740.0 | 35,913.9 | 35,594.1 | 38,933.8 |
| June | 31,267.0 | 35,561.1 | 39,237.0 | 43,459.2 | 45,157.1 |
| July | 34,579.0 | 37,355.1 | 40,843.1 | 38,781.8 | 50,136.3 |
| August | 37,836.4 | 38,898.5 | 39,660.5 | 46,735.2 | 47,158.6 |
| September | 35,566.1 | 33,435.7 | 36,468.5 | 43,418.5 | 46,246.2 |
| October | 28,856.0 | 31,235.6 | 31,047.8 | 38,912.0 | 42,464.9 |
| November | 26,259.1 | 20,614.4 | 22,352.7 | 27,542.8 | 39,485.7 |
| December | 10,091.9 | 3,888.2 | 5,054.0 | 9,215.3 | 19,375.0 |
| January | 985.6 | 0.0 | 0.0 | 860.4 | 1,415.0 |
| Cumulative | 230,582.0 | 242,828.8 | 264,338.7 | 296,244.4 | 343,793.0 |
| Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). | | | | | |

| Sugarcane crushed in Center-Southern Brazil (1,000 metric tons). | | | | | |
|---|---|---|---|---|---|
| Month | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 |
| April | 8,680.4 | 15,644.5 | 19,294.5 | 20,297.2 | 21,431.5 |
| May | 30,040.4 | 43,740.7 | 50,535.4 | 51,676.2 | 55,054.9 |
| June | 44,554.0 | 49,717.1 | 55,869.1 | 62,666.3 | 64,750.5 |
| July | 48,570.3 | 53,307.1 | 58,502.5 | 57,448.9 | 73,334.7 |
| August | 54,003.9 | 55,236.0 | 57,322.7 | 67,864.7 | 68,224.3 |
| September | 50,275.9 | 46,546.0 | 51,049.4 | 63,104.1 | 67,655.1 |
| October | 41,300.6 | 42,026.9 | 42,769.1 | 55,928.5 | 62,372.2 |
| November | 35,809.9 | 25,388.8 | 30,731.2 | 38,290.3 | 56,303.3 |
| December | 14,000.4 | 5,087.6 | 6,679.8 | 12,875.8 | 28,106.0 |
| January | 1,763.0 | 88.6 | 0.0 | 963.2 | 2,400.1 |
| Cumulative | 328,998.9 | 336,783.3 | 372,753.6 | 431,115.2 | 499,632.6 |
| Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). | | | | | |

**Sugar and Ethanol**

The MY 2009/10 sugarcane crop is expected to break the trend of increased percentage of sugarcane toward ethanol production, as opposed to sugar. Sugarcane for sugar, which dropped from 49.5 percent of the crop in 2006/07 to 40.4 percent in 2008/09, is expected to rebound to 42.5 percent in MY 2009/10. Thus, the TRS breakdown for sugar and ethanol production is forecast at 42.5 : 57.5 percent, respectively, compared to 40.4 : 59.6 percent for MY 2009/10.

Expected lower sugar production in important sugar producing countries such as India should encourage higher Brazilian sugar production for MY 2009/10. Sugar production for MY 2009/10 is projected at 36.85 mmt, raw value, up 4.5 mmt compared to MY 2008/09 (32.35 mmt). The CS states should account for 31.9 mmt, raw value, up 16 percent from MY 2008/09 (27.5 mmt). The NNE should contribute 4.95 mmt of sugar, raw value, relatively stable compared to MY 2008/09 (4.85 mmt).

Total ethanol production for MY 2009/10 is projected at 28.45 billion liters (8.5 billion liters of anhydrous ethanol and 19.95 billion liters of hydrated ethanol), up 1.25 billion liters from MY 2008/09 (9.35 billion liters of anhydrous ethanol and 17.85 billion liters of hydrated ethanol), pushed by expected higher ethanol consumption. In spite of the world financial crisis, the domestic demand for ethanol for MY 2009/10 is expected to increase to 24.5 billion liters, up 2.45 billion liters from MY 2008/09, due to sales of flex vehicle cars and attractive ethanol prices vis-à-vis gasoline.

The table below shows the sales of FFV and ethanol powered cars since 2003. Note that sales of FFV currently represent over 90 percent of total vehicle sales.

| Domestic Sales of Alcohol Powered Vehicles (pure alcohol & flex fuel units) | | | | | | |
|---|---|---|---|---|---|---|
| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 1/ |
| 84,558 | 379,329 | 897,308 | 1,425,177 | 2,032,361 | 2,356,942 | 575,883 |
| Source: ANFAVEA 1/ January-March. | | | | | | |

Fuel consumption in Brazil, as reported by the Petroleum, Natural Gas and Biofuels National Agency (ANP), follows. The figures take into account the product sales by distributors and do not include illegal sales, which are common for hydrated ethanol due to tax differentiation between both types of ethanol.

| Brazilian Fuel Consumption Matrix (000 m3) | | | | | | |
|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Diesel | 36,853 | 39,219 | 39,052 | 38,854 | 41,559 | 44,764 |
| Gasoline C** | 21,791 | 23,165 | 23,542 | 23,979 | 24,326 | 25,175 |
| Hydrated Ethanol | 3,245 | 4,355 | 4,654 | 6,010 | 9,367 | 13,290 |
| Source: ANP ** including 20-25 % anhydrous ethanol. | | | | | | |

The steady sales of flex-fuel vehicles do not guarantee a higher demand for ethanol since consumers' decisions are driven by the ratio between ethanol and gasoline prices. A 70 percent ratio between ethanol and gasoline prices is generally accepted as determining whether flex car owners will choose to fill up with ethanol (price ratio below 70 percent) or gasoline (price ratio above 70 percent).

The table below shows the average prices for gasoline and ethanol as well as the price ratio for January-February (off-peak) and July-August (peak season) 2006, 2007, 2008 and 2009. Note the in general; the relative price of ethanol has encouraged the use of ethanol as opposed to gasoline.

| Gasoline and Ethanol Prices in Selected States (average price, R$/liter) | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | |
| | | 2006 | 2007 | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 |
| Sao Paulo | January | 2.376 | 2.405 | 2.380 | 2.393 | 1.759 | 1.367 | 1.290 | 1.312 | 74% | 57% | 54% | 55% |
| State | February | 2.373 | 2.339 | 2.376 | 2.398 | 1.546 | 1.361 | 1.257 | 1.331 | 65% | 58% | 53% | 56% |
| | June | 2.415 | 2.419 | 2.385 | | 1.305 | 1.314 | 1.259 | | 54% | 54% | 53% | |
| | August | 2.424 | 2.384 | 2.394 | | 1.358 | 1.128 | 1.264 | | 56% | 47% | 53% | |
| Sao Paulo | January | 2.371 | 2.403 | 2.376 | 2.391 | 1.496 | 1.363 | 1.291 | 1.312 | 63% | 57% | 54% | 55% |
| City | February | 2.370 | 2.397 | 2.372 | 2.396 | 1.545 | 1.356 | 1.264 | 1.327 | 65% | 57% | 53% | 55% |
| | June | 2.412 | 2.416 | 2.383 | | 1.306 | 1.316 | 1.264 | | 54% | 54% | 53% | |
| | August | 2,420 | 2.383 | 2.393 | | 1,357 | 1.135 | 1.270 | | 56% | 48% | 53% | |
| Minas Gerais | January | 2.382 | 2.392 | 2.405 | 2.381 | 1.867 | 1.749 | 1.606 | 1.611 | 78% | 73% | 67% | 68% |
| | February | 2.398 | 2.360 | 2.389 | 2.374 | 1.924 | 1.744 | 1.577 | 1.623 | 80% | 74% | 66% | 68% |
| | June | 2.396 | 2.404 | 2.368 | | 1.845 | 1.662 | 1.568 | | 77% | 69% | 66% | |
| | August | 2.408 | 2.372 | 2.356 | | 1.809 | 1.526 | 1.575 | | 75% | 64% | 67% | |
| Belo Horizonte | January | 2.336 | 2.345 | 2.369 | 2.331 | 1.853 | 1.733 | 1.589 | 1.597 | 79% | 74% | 67% | 69% |
| (MG Capital) | February | 2.352 | 2.315 | 2.346 | 2.329 | 1.915 | 1.730 | 1.554 | 1.612 | 81% | 75% | 66% | 69% |
| | June | 2.364 | 2.379 | 2.322 | | 1.840 | 1.643 | 1.547 | | 78% | 69% | 67% | |
| | August | 2,376 | 2.342 | 2.315 | | 1,811 | 1.500 | 1.571 | | 76% | 64% | 68% | |
| Rio Janeiro | January | 2.511 | 2.488 | 2.505 | 2.537 | 1.850 | 1.728 | 1.624 | 1.685 | 74% | 69% | 65% | 66% |
| State | February | 2.517 | 2.488 | 2.501 | 2.535 | 1.887 | 1.754 | 1.614 | 1.695 | 75% | 70% | 65% | 67% |
| | June | 2.534 | 2.511 | 2.513 | | 1.807 | 1.653 | 1.635 | | 71% | 66% | 65% | |
| | August | 2.519 | 2.490 | 2.576 | | 1.775 | 1.513 | 1.658 | | 70% | 61% | 64% | |
| Rio de Janeiro | January | 2.505 | 2.481 | 2.500 | 2.534 | 1.841 | 1.717 | 1.614 | 1.680 | 73% | 69% | 65% | 66% |
| Capital | February | 2.511 | 2.483 | 2.496 | 2.531 | 1.876 | 1.737 | 1.603 | 1.692 | 75% | 70% | 64% | 67% |
| | June | 2.526 | 2.507 | 2.509 | | 1.795 | 1.640 | 1.627 | | 71% | 65% | 65% | |
| | August | 2,514 | 2.486 | 2.513 | | 1,770 | 1.500 | 1.653 | | 70% | 60% | 66% | |
| Porto Alegre | January | 2.596 | 2.600 | 2.463 | 2.538 | 2.222 | 1.848 | 1.792 | 1.746 | 86% | 71% | 73% | 69% |
| (RS Capital) | February | 2.630 | 2.463 | 2.326 | 2.538 | 2.228 | 1.829 | 1.693 | 1.765 | 85% | 74% | 73% | 70% |
| | June | 2.689 | 2.585 | 2.514 | | 2.100 | 1.789 | 1.731 | | 78% | 69% | 69% | |
| | August | 2,724 | 2.481 | 2.566 | | 2,056 | 1.512 | 1.744 | | 75% | 61% | 68% | |
| Goiania | January | 2.516 | 2.329 | 2.539 | 2.565 | 1.660 | 1.425 | 1.569 | 1.581 | 66% | 61% | 62% | 62% |
| (GO Capital) | February | 2.480 | 2.499 | 2.502 | 2.564 | 1.777 | 1.487 | 1.508 | 1.581 | 72% | 60% | 60% | 62% |
| | June | 2.426 | 2.583 | 2.330 | | 1.467 | 1.359 | 1.368 | | 60% | 53% | 59% | |
| | August | 2,635 | 2.233 | 2.452 | | 1,457 | 1.093 | 1.472 | | 55% | 49% | 60% | |
| Fortaleza | January | 2.560 | 2.625 | 2.667 | 2.388 | 1.756 | 1.661 | 1.829 | 1.615 | 69% | 63% | 69% | 68% |
| (CE Capital) | February | 2.656 | 2.620 | 2.655 | 2.533 | 1.812 | 1.680 | 1.814 | 1.747 | 68% | 64% | 68% | 69% |
| | June | 2.705 | 2.492 | 2.439 | | 1.950 | 1.719 | 1.726 | | 72% | 69% | 71% | |
| | August | 2,741 | 2.638 | 2.589 | | 1,953 | 1.676 | 1.885 | | 71% | 64% | 73% | |
| Source: Petroleum, Natural Gas and Biofuels National Agency (ANP). 1/ July 2007 refers to July 1-14. | | | | | | | | | | | | | |
| Light Green Area means ethanol prices more attractive than gasoline | | | | | | | | | | | | | |
| Dark Green Area means gasoline prices more attractive than ethanol | | | | | | | | | | | | | |

According to the Ministry of Agriculture, Livestock and Supply (MAPA), cumulative ethanol production for the 2008/09 crop through February 16, 2009 was reported at 26.9 billion liters – 9.5 billion liters of anhydrous ethanol and 17.4 billion liters of hydrated ethanol. The table below shows sugarcane, sugar and ethanol production by state for MY 2008/2009, as reported by MAPA.

| Cane, Sugar and Alcohol Production by State and Region: 2008/09 Crop (MT and 000 Liter | | | | | |
|---|---|---|---|---|---|
| | | | Alcohol | | |
| State/Region | Cane | Sugar | Anhydous | Hydrous | Total |
| Alagoas | 23,060,342 | 1,916,656 | 295,575 | 415,475 | 711,050 |
| Amazonas | 303,350 | 14,320 | | 7,963 | 7,963 |
| Bahia | 2,452,237 | 75,305 | 88,457 | 51,194 | 139,651 |
| Ceara | 100,046 | | 616 | 7,003 | 7,619 |
| Maranhao | 2,280,160 | 15,335 | 121,118 | 60,441 | 181,559 |
| Para | 626,865 | 13,726 | 19,651 | 25,257 | 44,908 |
| Paraiba | 5,640,761 | 125,354 | 166,304 | 208,584 | 374,888 |
| Pernambuco | 15,865,693 | 1,307,969 | 203,972 | 227,384 | 431,356 |
| Piaui | 900,181 | 38,796 | 33,136 | 11,417 | 44,553 |
| Rio Grande do Norte | 2,998,311 | 189,040 | 46,284 | 60,777 | 107,061 |
| Sergipe | 106,292 | | | 7,224 | 7,224 |
| Tocantins | 1,152,136 | 72,246 | 16,443 | 28,538 | 44,981 |
| NNE | 55,456 | | 1,125 | 1,676 | 2,801 |
| Espirito Santo | 55,541,830 | 3,768,747 | 992,681 | 1,112,933 | 2,105,614 |
| Goias | 4,210,841 | 85,272 | 129,044 | 136,328 | 265,372 |
| Minas Gerais | 29,705,238 | 954,861 | 498,204 | 1,221,147 | 1,719,351 |
| Mato Grosso do Sul | 41,341,777 | 2,231,246 | 573,297 | 1,614,241 | 2,187,538 |
| Mato Grosso | 16,526,088 | 655,310 | 245,973 | 746,054 | 992,027 |
| Parana | 14,153,762 | 389,496 | 352,362 | 546,159 | 898,521 |
| Rio de Janeiro | 42,365,636 | 2,298,621 | 429,277 | 1,519,264 | 1,948,541 |
| Rio Grande do Sul | 3,399,501 | 239,196 | 36,786 | 89,490 | 126,276 |
| Santa Catarina | 107,184 | | | 6,318 | 6,318 |
| Sao Paulo | 341,516,254 | 19,977,252 | 6,244,438 | 10,458,943 | 16,703,381 |
| Center South | 493,326,281 | 26,831,254 | 8,509,381 | 16,337,944 | 24,847,325 |
| TOTAL | 548,868,111 | 30,600,001 | 9,502,062 | 17,450,877 | 26,952,939 |
| Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 02/16/09 | | | | | |

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 2004/05 to 2008/09 crops (April-March), as reported by UNICA.

| Sugar production in the state of Sao Paulo (Metric tons, tel quel, Apr/Mar). | | | | | |
|---|---|---|---|---|---|
| Month | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 |
| April | 237,758.0 | 573,693.0 | 667,102.0 | 506,326.0 | 442,460.0 |
| May | 1,281,288 | 1,895,471 | 2,393,035 | 2,060,416 | 1,872,140 |
| June | 2,106,071 | 2,374,536 | 2,982,938 | 2,773,968 | 2,425,239 |
| July | 2,571,142 | 2,600,509 | 3,283,896 | 2,521,042 | 3,094,298 |
| August | 3,000,822 | 2,955,858 | 3,321,415 | 3,234,706 | 3,034,421 |
| September | 2,971,773 | 2,600,071 | 3,004,302 | 3,172,657 | 3,101,858 |
| October | 2,177,653 | 2,234,868 | 2,239,680 | 2,925,756 | 2,606,405 |
| November | 1,669,759 | 1,368,359 | 1,435,440 | 1,475,693 | 2,103,154 |
| December | 526,481 | 154,204 | 182,657 | 394,983 | 914,774 |
| January | -27,380 | 0 | 0 | 73,515 | 32,960 |
| Cumulative | 16,515,367 | 16,757,568 | 19,510,464 | 19,139,062 | 19,627,709 |
| Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). | | | | | |

| Sugar production in Center-Southern Brazil (Metric tons, tel quel, Apr/Mar). | | | | | |
|---|---|---|---|---|---|
| Month | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 |
| April | 416,907 | 776,552 | 868,062 | 851,430 | 673,462 |
| May | 1,763,053 | 2,548,993 | 3,180,638 | 2,816,677 | 2,527,935 |
| June | 2,829,235 | 3,172,441 | 4,002,254 | 3,782,565 | 3,282,349 |
| July | 3,388,867 | 3,529,777 | 4,407,637 | 3,550,615 | 4,243,947 |
| August | 4,029,261 | 3,980,457 | 4,483,362 | 4,480,838 | 4,087,442 |
| September | 3,957,850 | 3,407,693 | 3,918,878 | 4,367,990 | 4,247,955 |
| October | 2,919,156 | 2,845,850 | 2,865,209 | 3,885,907 | 3,563,859 |
| November | 2,130,609 | 1,564,896 | 1,814,436 | 1,879,787 | 2,773,390 |
| December | 680,687 | 183,613 | 255,317 | 504,722 | 1,235,977 |
| January | -8,996 | 4,863 | 0 | 80,075 | 82,106 |
| Cumulative | 22,106,629 | 22,015,135 | 25,795,792 | 26,200,606 | 26,718,421 |
| Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). | | | | | |

**Sugarcane, Sugar and Ethanol Prices in the Domestic Market**

The State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA) reports that the average sugarcane price (April 2008-March 2009) for the state of Sao Paulo for the 2008/09 crop is Reais (R$) 0.2781 per kg of TRS, or R$ 39.22 per ton of sugarcane, up R$ 4.13 per ton compared to the previous crop (R$ 0.2443 per kg of TRS, or approximately R$ 35.09 per ton of sugarcane), due to better sugar and ethanol prices during the crushing season vis-à-vis the previous year. Note that CONSECANA's prices are based on both sugar and ethanol prices in domestic and international markets.

The Crystal Sugar and Ethanol Indexes released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follow. The Indexes track crystal sugar, anhydrous and hydrated prices received by producers in the domestic spot market.

| Crystal Sugar Prices in the Domestic Market (Real, 50kg/bag, including tax | | | | | |
|---|---|---|---|---|---|
| Period | 2005 | 2006 | 2007 | 2008 | 2009 |
| January | 29.40 | 47.80 | 36.79 | 25.04 | 36.71 |
| February | 28.78 | 51.55 | 34.96 | 26.20 | 44.77 |
| March | 33.24 | 51.72 | 34.70 | 27.44 | 48.40 |
| April 1/ | 33.63 | 50.61 | 33.87 | 28.11 | 45.72 |
| May | 26.24 | 48.56 | 28.56 | 26.71 | -- |
| June | 26.13 | 49.72 | 24.94 | 24.94 | -- |
| July | 29.19 | 50.25 | 24.38 | 24.38 | -- |
| August | 30.51 | 44.10 | 25.18 | 29.01 | -- |
| September | 31.80 | 37.99 | 25.11 | 30.81 | -- |
| October | 33.69 | 37.32 | 23.92 | 31.13 | -- |
| November | 34.28 | 36.47 | 22.06 | 30.74 | -- |
| December | 39.15 | 36.78 | 23.62 | 31.72 | -- |
| Source: USP/ESALQ/CEPEA. 1/ April 2009 refers to April 28. | | | | | |

| Fuel Alcohol Prices: State of São Paulo (R$/000 liters). | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Anhydrous | | | | | Hydrated | | | | |
| Month | 2005 | 2006 | 2007 | 2008 | 2009 | 2005 | 2006 | 2007 | 2008 | 2009 |
| January | 885.13 | 1,040.59 | 870.69 | 786.22 | 873.30 | 763.41 | 1,018.24 | 845.36 | 697.18 | 781.40 |
| February | 847.92 | 1,063.94 | 837.39 | 808.08 | 860.30 | 765.47 | 1,064.20 | 802.87 | 714.70 | 777.60 |
| March | 875.67 | 1,191.42 | 912.93 | 831.50 | 744.50 | 772.09 | 1,208.53 | 855.05 | 754.56 | 656.80 |
| April 1/ | 842.91 | 1,185.53 | 1,072.57 | 789.40 | 754.30 | 734.91 | 1,063.46 | 940.51 | 715.60 | 684.60 |
| May | 680.88 | 966.47 | 883.78 | 821.50 | -- | 593.29 | 848.56 | 690.84 | 697.10 | -- |
| June | 669.81 | 983.66 | 675.07 | 787.00 | -- | 584.96 | 854.55 | 587.86 | 665.30 | -- |
| July | 773.32 | 1,036.03 | 668.53 | 873.20 | -- | 672.77 | 898.36 | 583.99 | 718.10 | -- |
| August | 759.74 | 955.43 | 665.58 | 858.50 | -- | 657.65 | 819.57 | 581.02 | 719.30 | -- |
| September | 843.78 | 878.49 | 660.73 | 891.20 | -- | 735.72 | 756.09 | 580.96 | 749.60 | -- |
| October | 938.00 | 867.02 | 664.44 | 902.20 | -- | 820.25 | 758.58 | 585.48 | 715.70 | -- |
| November | 928.65 | 858.93 | 792.90 | 897.00 | -- | 817.91 | 751.59 | 716.09 | 726.40 | -- |
| December | 1,053.25 | 849.55 | 851.07 | 880.60 | -- | 947.24 | 778.07 | 751.28 | 737.70 | -- |
| Source: USP/ESALQ/CEPEA. 1/April 2009 refers to April 20-24.. | | | | | | | | | | |

## Consumption

ATO/Sao Paulo forecasts the Brazilian MY 2009/10 consumption at 12.25 mmt, raw value, up 350,000 mt from 2008/09 (11.9 mmt), reflecting Brazilian population growth and a continued expansion in the food processing sector.

## Trade

### Sugar Exports

ATO/Sao Paulo forecasts total MY 2009/10 Brazilian sugar exports at 24.3 mmt, raw value, up 4.05 mmt compared to the previous year (20.25 mmt). Expected lower sugar production in India should open an opportunity window to higher Brazilian sugar exports. as a consequence of lower expected supply from other producing countries such as India. Raw sugar should account for 18.225 mmt, raw value, whereas the remainder represents exports of refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2007/08 and MY 2008/09, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

| Brazilian Sugar Exports by Country of Destination (NCM 1701.11.00, MT tel quel, US$ 000 FOB) | | | | | | |
|---|---|---|---|---|---|---|
| | MY 2007/08 1/ | | MY 2007/08 2/ | | MY 2008/09 2/ | |
| Country | Quantity | Value | Quantity | Value | Quantity | Value |
| Russia | 4,017,609 | 978,779 | 3,691,668 | 894,499 | 3,874,842 | 1,044,315 |
| Egypt | 755,593 | 177,070 | 681,593 | 159,720 | 1,092,283 | 295,383 |
| Nigeria | 977,866 | 245,601 | 823,860 | 204,944 | 845,179 | 227,059 |
| Canada | 774,741 | 189,459 | 764,623 | 186,732 | 803,830 | 222,913 |
| Algeria | 736,854 | 173,018 | 674,848 | 157,758 | 685,070 | 188,491 |
| Malaysia | 903,785 | 208,972 | 859,767 | 197,372 | 677,737 | 190,636 |
| Iran | 449,430 | 108,201 | 449,430 | 108,201 | 605,781 | 161,206 |
| Bangladesh | 361,528 | 91,097 | 270,778 | 65,409 | 579,050 | 158,255 |
| India | 0 | 0 | 0 | 0 | 548,225 | 153,639 |
| Morocco | 445,706 | 104,818 | 357,636 | 83,127 | 525,696 | 144,236 |
| Others | 2,474,814 | 624,771 | 2,176,306 | 544,981 | 3,149,196 | 891,138 |
| Total | 11,897,926 | 2,901,786 | 10,750,510 | 2,602,744 | 13,386,890 | 3,677,271 |
| Source : Brazilian Foreign Trade Secretariat (SECEX) | | | | | | |
| Note : Numbers may not add due to rounding 1/May-April - 2/ May-Feb | | | | | | |

| Brazilian Sugar Exports by Country of Destination (NCM 1701.99.00, Metric ton, tel quel, US$ 000 FO | | | | | | |
|---|---|---|---|---|---|---|
| | MY 2007/08 1/ | | MY 2007/08 2/ | | MY 2008/09 2/ | |
| Country | Quantity | Value | Quantity | Value | Quantity | Value |
| Saudi Arabia | 730,220 | 175,983 | 681,699 | 159,366 | 688,209 | 180,034 |
| Ghana | 353,451 | 99,593 | 278,101 | 75,835 | 391,138 | 127,358 |
| U.A.E. | 753,711 | 178,214 | 750,602 | 177,105 | 315,854 | 95,234 |
| Yemen | 337,790 | 98,096 | 250,176 | 70,361 | 302,060 | 100,160 |
| Angola | 208,441 | 61,392 | 161,122 | 46,931 | 236,464 | 77,872 |
| South Africa | 519,005 | 149,533 | 489,507 | 140,619 | 236,200 | 79,785 |
| Nigeria | 342,140 | 104,960 | 309,390 | 95,036 | 163,854 | 49,694 |
| Venezuela | 105,341 | 33,865 | 105,341 | 33,865 | 147,046 | 49,655 |
| Algeria | 126,223 | 34,682 | 122,011 | 33,245 | 145,575 | 49,408 |
| Libya | 136,575 | 40,760 | 135,900 | 40,546 | 143,079 | 51,379 |
| Others | 2,825,929 | 827,092 | 2,441,209 | 707,564 | 2,389,818 | 790,258 |
| Total | 6,438,827 | 1,804,171 | 5,725,058 | 1,580,472 | 5,159,297 | 1,650,836 |
| Source : Brazilian Secretariat of Foreign Trade (SECEX) | | | | | | |
| Note : Numbers may not add due to rounding 1 May - April 2/ May - Feb | | | | | | |

## Ethanol Exports

Brazilian ethanol exports for MY 2009/10 are forecast at 3.7 billion liters, a 1.35 billion liter reduction compared to MY 2008/09 (5.05 billion liters), mostly due to an expected decrease in direct exports to the U.S. Note that over 50 percent of total Brazilian exports for MY 2008/09 were shipped to the U.S. either directly (encouraged by high ethanol prices in the U.S.) or through the Caribbean Basin Initiative (CBI) countries. The tables below show ethanol exports for MY 2007/08 and MY 2008/09, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

| Brazilian Alcohol Exports by Country of Destination (NCM 2207.10.00, MT, 000 Liters, US$ FOB) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MY 2007/08 1/ | | | MY 2007/08 2/ | | | MY 2008/09 2/ | | |
| Country | Volume | Weight | Value | Volume | Weight | Value | Volume | Weight | Value |
| U.S.A. | 749,289 | 594,303 | 316,439 | 648,585 | 514,231 | 265,904 | 1,389,968 | 1,100,469 | 689,499 |
| Netherlands | 1,077,619 | 854,806 | 454,928 | 875,456 | 694,125 | 361,328 | 1,003,517 | 796,902 | 478,625 |
| Jamaica | 340,402 | 275,228 | 136,790 | 286,690 | 231,790 | 112,203 | 285,722 | 230,918 | 130,559 |
| El Salvador | 248,230 | 200,726 | 97,619 | 198,132 | 160,215 | 75,819 | 271,134 | 219,246 | 114,866 |
| Japan | 274,246 | 221,692 | 105,468 | 254,081 | 205,389 | 97,393 | 251,217 | 202,919 | 111,273 |
| Trinidad Tobago | 133,674 | 108,075 | 55,306 | 114,695 | 92,725 | 45,509 | 195,282 | 157,863 | 86,842 |
| South Korea | 91,314 | 73,844 | 35,353 | 76,220 | 61,648 | 29,657 | 183,378 | 148,164 | 85,053 |
| United States Virgi | 126,475 | 102,247 | 55,023 | 86,748 | 70,138 | 36,067 | 111,635 | 90,272 | 51,448 |
| Nigeria | 93,469 | 75,538 | 35,495 | 87,942 | 71,070 | 33,078 | 99,886 | 80,759 | 46,048 |
| Costa Rica | 156,025 | 126,123 | 61,094 | 142,598 | 115,263 | 55,360 | 81,346 | 65,598 | 35,701 |
| Others | 290,755 | 232,178 | 123,569 | 258,518 | 206,355 | 108,875 | 373,923 | 299,564 | 178,497 |
| Total | 3,581,498 | 2,864,760 | 1,477,084 | 3,029,665 | 2,422,948 | 1,221,194 | 4,247,008 | 3,392,675 | 2,008,413 |
| Source : Brazilian Foreign Trade Secretariat (SECEX) | | | | | | | | | |
| Note : Numbers may not add due to rounding 1/May - April 2/ May-Feb | | | | | | | | | |

| Brazilian Alcohol Exports by Country of Destination (NCM 2207.20.10, MT, 000 Liters, US$ 000 FOB) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MY 2007/08 1/ | | | MY 2007/08 2/ | | | MY 2008/09 2/ | | |
| Country | Volume | Weight | Value | Volume | Weight | Value | Volume | Weight | Value |
| Jamaica | 20,169 | 16,304 | 8,147 | 10,385 | 8,387 | 4,086 | 16,806 | 13,590 | 7,853 |
| Netherlands | 11,585 | 9,171 | 4,719 | 11,585 | 9,171 | 4,719 | 15,247 | 12,026 | 7,891 |
| U.S.A. | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 | 1,580 | 1,019 |
| Philippines | 1,873 | 1,478 | 701 | 1,873 | 1,478 | 701 | 190 | 150 | 123 |
| Cameroon | 366 | 294 | 335 | 286 | 230 | 261 | 120 | 97 | 98 |
| Ivory Coast | 148 | 119 | 131 | 108 | 87 | 91 | 100 | 81 | 88 |
| United Kingdom | 523 | 413 | 217 | 523 | 413 | 217 | 21 | 17 | 13 |
| Paraguay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Angola | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nigeria | 5,200 | 4,209 | 2,159 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 9,863 | 7,965 | 4,299 | 9,511 | 7,687 | 4,150 | 0 | 0 | 0 |
| Total | 49,728 | 39,954 | 20,707 | 34,271 | 27,453 | 14,224 | 34,485 | 27,541 | 17,086 |
| Source : Brazilian Foreign Trade Secretariat (SECEX) | | | | | | | | | |
| Note : Numbers may not add due to rounding. 1/May - April 2/ May-Feb | | | | | | | | | |

**Stocks**

Post forecasts total sugar ending stocks for MY 2009/10 at 965,000 mmt, up 300,000 metric tons compared to MY 2008/09 (665,000 metric tons).

**Exchange Rate**

| Exchange Rate (R$/US$1.00 - official rate, last day of period) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Month** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** |
| January | 3.53 | 2.94 | 2.62 | 2.22 | 2.12 | 1.76 | 2.3162 |
| February | 3.56 | 2.91 | 2.60 | 2.14 | 2.12 | 1.68 | 2.3784 |
| March | 3.35 | 2.91 | 2.67 | 2.17 | 2.05 | 1.75 | 2.2505 |
| April 1/ | 2.89 | 2.94 | 2.53 | 2.09 | 2.03 | 1.69 | 2.2037 |
| May | 2.97 | 3.13 | 2.40 | 2.30 | 1.93 | 1.63 | |
| June | 2.87 | 3.11 | 2.35 | 2.16 | 1.93 | 1.64 | |
| July | 2.97 | 3.03 | 2.39 | 2.18 | 1.88 | 1.57 | |
| August | 2.97 | 2.93 | 2.36 | 2.14 | 1.96 | 1.63 | |
| September | 2.92 | 2.86 | 2.22 | 2.17 | 1.84 | 1.92 | |
| October | 2.86 | 2.99 | 2.25 | 2.14 | 1.74 | 2.12 | |
| November | 2.95 | 2.73 | 2.21 | 2.17 | 1.78 | 2.33 | |
| December | 2.89 | 2.65 | 2.26 | 2.14 | 1.77 | 2.34 | |
| Source : Gazeta Mercantil and BACEN (as of October 2006) | | | | | | | |
| 1/ April 2009 refers to April 28. | | | | | | | |